all, which was introduced recently by the Senator from Illinois, Mr. DURBIN.

The School of the Americas (SOA) was created in 1946 to train Latin American military officers in combat and counterinsurgency skills with the goal of professionalizing Latin American armies and strengthening democracies. Originally located in Panama, SOA moved to Fort Benning in 1984. There has been a great deal of controversy surrounding some of SOA's alumni, leading it to be called ''the School for Dictators.'' Some of SOA's notorious graduates include Manuel Noriega, Argentinian dictator Leopoldo Galtieri, at least 19 Salvadorean officers implicated by El Salvador's Truth Commission in the murder of six Jesuit priests, and two of the three officers prosecuted in Guatemala for their roles in the murder of anthropologist Myrna Mack.

In 1991, following an internal investigation, the Pentagon removed certain SOA training manuals from circulation. On September 22, 1996, the Pentagon released the full text of those training manuals and acknowledged that some of those manuals provided instruction in techniques that, in the Pentagon's words, were ''clearly objectionable and possibly illegal.'' The ''techniques'' in question included such awful activities as torture, extortion, false arrest, and execution.

Not only are the human costs of this training program unjustifiable, but so are its financial costs. When I first ran for this body in 1992, I included the School of the Americas as an item on my 82+ point plan for deficit reduction. With a national debt in excess of $5 trillion, we must carefully scrutinize every program to ensure that federal tax dollars are wisely spent. We certainly do not need to spend taxpayer dollars on this kind of activity.

Since coming to the Senate in 1993, I have been contacted by hundreds of Wisconsinites who support closing the School of the Americas. Just this week, a number of Wisconsin residents joined scores of individuals from around the country at a protest here in Washington, D.C., against the continued operation of the school. The group from my home state included students, human rights activists, and members of several religious communities. I am pleased that so many Wisconsin residents are committed to working toward the closing of this school.

Numerous organizations, including Public Citizen, the Washington Office on Latin America and Human Rights Watch also support the elimination of SOA.

As a member of the Senate Committee on Foreign Relations, I am committed to promoting human rights throughout the world. In my view, our government cannot continue to support the existence of a school that counts so many murderers among its alumni. While it may be appropriate for the United States military to train its colleagues from other nations, it is inexcusable that this training should take place at an institution with a reputation as far beyond salvage as that of the School of the Americas. This legislation gives members of this body the opportunity to separate the legitimate training exercises conducted by the United States military from the sordid acts of many individuals who have been trained at SOA. We must lift the cloud of suspicion that has fallen on these programs by closing SOA.

I am pleased that S. 873 includes language expressing the sense of the Congress that all foreign military training conducted by the United States should stress respect for human rights, the proper role of the military in a democratic society, and accountability and transparency in defense and security policy. This is an excellent opportunity for the Congress, which has oversight responsibilities for military training programs, to reiterate the importance of these basic principles to the Administration, the American people, and perspective candidates for military training from other countries.

The bill also calls on the Department of Defense to vigorously screen all candidates for military training programs to ensure that they have not been implicated in human rights abuses, corruption, or drug trafficking.

I urge my colleagues to support S. 873 and close the ''School for Dictators'' once and for all.

SBP BENEFIT IMPROVEMENT ACT OF 1999

Mr. BURNS. Mr. President, I am pleased to rise to join my Senate colleagues in supporting the Survivor Benefit Plan (SBP) Benefit Improvement Act of 1999. This bill corrects a discrepancy between what Congress intended at the creation of this Act in 1972, and how it eventually got implemented.

I have always believed that the people most affected by military service are not the service members, it is the family. The spouses that raise kids on their own during a deployment. The sons and daughters that change schools in the middle of a school year because a parent got assigned to a new base. It's hard to make up for missed soccer games and scout meetings. The Senate has already passed legislation to try to improve some of these areas of quality of life, but S.4 was passed absent one item that I feel is very important, especially to our elderly military retirees living in Montana.

The uniformed services spousal benefit annuity provides 55 percent of retirement pay for a surviving military spouse, as long as the spouse is under age 62. Once the survivor reaches age 62, the benefit drops as low as 35 percent of retired pay. Let me put it on a more familiar level. If a Korean War-era Marine had signed up for this plan after his 20 years of military service, when he passed on, his wife would only get 35 percent of his eligible retirement pay, instead of the 55 percent she would have received if she was under age 62. No other federal retirement plan has this age-oriented cut. It was also intended for Congress to pay 40 percent of the benefit, and premiums for the plan were set up with that target in mind. Unfortunately, the actuaries were too pessimistic, and as a result, premiums now pay for 73 percent of the cost, with congress paying for 27 percent. This is a far cry from the 40 percent we originally intended. Other federal civilian survivor benefit plans pay up to a 50 percent subsidy with no reduction after age 62.

This bill corrects the problem by stepping up the federal share of military retirement to 45 percent by FY 2005. Given the sacrifices by our service men and women and their families, it's time we provided fair survivors benefits and fulfill our original Congressional intent.

I'm grateful to Senator THURMOND for introducing this legislation to correct this discrepancy and for letting me vocalize my support for this bill by including me as a co-sponsor. I'm confident that the Armed Services Subcommittee will give this a favorable review, and I look forward to supporting it when it comes to the floor. I encourage my colleagues to lend their support to this important provision as well.

FUNDING OF ACADEMIC HEALTH CENTERS

Mr. KENNEDY. Mr. President, the combination of Medicare payment cuts and the growth of managed care has become a devastating one-two punch against many of the nation's most respected academic health centers. A front-page article in today's New York Times documents what is happening. Teaching hospitals across the country are losing money and facing the prospect of cutting back the research, the teaching and training, and the advanced medical care that have made American medicine the envy of the world. These centers are also major safety-net institutions that provide extensive care for the uninsured.

Every American depends for quality health care on doctors trained in the nation's teaching hospitals. Research conducted at these hospitals is the basis for much of the astounding progress that we are making in medical science, and these institutions are indispensable in bringing advances in the laboratory to the bedside of the patient. For the most serious and intractable illnesses, teaching hospitals are the caregivers of last resort. They have the newest and most sophisticated equipment. The physicians who practice there are on the cutting edge of new treatments, and they see the largest number of such cases.

It would be an American tragedy if, as a result of short-sighted Medicare payment policies and equally short-sighted pressures for HMO profits, academic health centers are forced to close their doors or to curtail the research, training, and advanced care that make them such indispensable components of modern American health care.

I ask unanimous consent that the New York Times article be printed in the RECORD, and I urge my colleagues to review it carefully. It is becoming increasingly clear that this Congress has an obligation to act before irreparable damage is done to these essential institutions.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TEACHING HOSPITALS BATTLING CUTBACKS IN MEDICARE MONEY

(By Carey Goldberg)

Boston, May 5—Normally, the great teaching hospitals of this medical Mecca carry an air of white-coasted, best-in-the-world arrogance, the kind of arrogance that comes of collecting Nobels, of snaring more Federal money for medical research than hospitals anywhere else, of attracting patients from the four corners of the earth.

But not lately. Lately, their chief executives carry an air of pleading and alarm. They tend to cross the edges of their palms in an X that symbolizes the crossing of rising costs and dropping payments, especially Medicare payments. And to say they simply cannot go on losing money this way and remain the academic cream of American medicine.

Dr. Mitchell T. Rabkin, chief executive emeritus of Beth Israel Hospital, says, ''Everyone's in deep yogurt.''

The teaching hospitals here and elsewhere have never been immune from the turbulent change sweeping American health care—from the expansion of managed care to spiraling drug prices to the fierce fights for survival and shotgun marriages between hospitals with empty beds and flabby management.

But they are contending that suddenly, in recent weeks, a Federal cutback in Medicare spending has begun putting such a financial squeeze on them that it threatens their ability to fulfill their special missions: to handle the sickest patients, to act as incubators for new cures, to treat poor people and to train budding doctors.

The budget hemorrhaging has hit at scattered teaching hospitals across the country, from San Francisco to Philadelphia. New York's clusters of teaching hospitals are among the biggest and hardest hit, the Greater New York Hospital Association says. It predicts that Medicare cuts will cost the state's hospitals $5 billion through 2002 and force the closing of money-losing departments and whole hospitals.

Dr. Samuel O. Thier, president of the group that owns Massachusetts General Hospital, says, ''We've got a problem, and you've got to nip it in the bud, or else you're going to kill off some of the premier institutions in the country.''

Here in Boston, with its unusual concentration of academic medicine and its teaching hospitals affiliated with the medical schools of Harvard, Tufts and Boston Universities, the cuts are already taking a toll in hundreds of eliminated jobs and pockets of miserable morale.

Five of Boston's top eight private employers are teaching hospitals, Mayor Thomas M. Menino notes. And if five-year Medicare cuts totaling an estimated $1.7 billion for Massachusetts hospitals continue, Mayor Menino says, ''We'll have to lay off thousands of people, and that's a big hit on the city of Boston.''

Often, analysts say, hospital cutbacks, closings and mergers make good economic sense, and some dislocation and pain are only to be expected, for all the hospitals' tendency to moan about them. Some critics say the hospitals are partly to fault, that for all their glittery research and credentials, they have not always been efficiently managed.

''A lot of teaching hospitals have engaged in what might be called self-sanctification—'We're the greatest hospitals in the world and no one can do it better or for less'—and that may or may not be true,'' said Alan Sager, a health-care finance expert at the Boston University School of Public Health.

But the hospital chiefs argue that they have virtually no fat left to cut, and warn that their financial problems may mean that the smartest edge of American medicine will get dumbed down.

With that message, they have been lobbying Congress in recent weeks to reconsider the cuts that they say have turned their financial straits from tough to intolerable.

''Five years from now, the American people will wake up and find their clinical research is second rate because the big teaching hospitals are reeling financially,'' said Dr. David G. Nathan, president of the Dana-Farber Cancer Institute here.

In a half-dozen interviews, around the Boston medical-industrial complex known as the Longwood Medical Center and Academic Area and elsewhere, hospital executives who normally compete and squabble all espoused one central idea: teaching hospitals are special, and that specialness costs money.

Take the example of treating heart-disease patients, said Dr. Michael F. Collins, president and chief executive of Caritas Christi Health Care System, a seven-hospital group affiliated with Tufts.

In 1988, Dr. Collins said, it was still experimental for doctors to open blocked arteries by passing tiny balloons through them; now, they have a bouquet of expensive new options for those patients, including springlike devices called stents that cost $900 to $1,850 each; tiny rotobladers that can cost up to $1,500 and costly drugs to supplement the reaming that cost nearly $1,400 a patient.

''A lot of our scientists are doing research on which are the best catheters and which are the best stents,'' Dr. Collins said. ''And because they're giving the papers on the drug, they're using the drug the day it's approved to be used. Right now it's costing us about $50,000 a month and we're not getting a nickel for it, because our case rates are fixed.''

Hospital chiefs and doctors also argue that a teaching hospital and its affiliated university are a delicate ecosystem whose production of critical research is at risk.

''The grand institutions in Boston that are venerated are characterized by a wildflower approach to invention and the generation of new knowledge,'' said Dr. James Reinertsen, the chief executive of Caregroup, which owns Beth Israel Deaconess Medical Center. ''We don't run our institutions like agribusiness, a massively efficient operation where we direct research and harvest it. It's unplanned to a great extent, and that chaotic fermenting environment is part of what makes the academic health centers what they are.''

''There wouldn't have been a plan to do what Judah Folkman has done over the last 20 years,'' Dr. Reinertsen said of the doctor-scientist at Children's Hospital in Boston who has developed a promising approach to curing cancer.

Federal financing for research is plentiful of late, hospital heads acknowledge. But they point out that the Government expects hospitals to subsidize 10 percent of 15 percent of that research, and that they must also provide important support for researchers still too junior to win grants.

A similar argument for slack in the system comes in connection with teaching. Teaching hospitals are pressing their faculties to take on more patients to bring in more money, said Dr. Daniel D. Federman, dean for medical education of Harvard Medical School. A doctor under pressure to spend time in a billable way, Dr. Federman said, has less time to spend teaching.

The Boston teaching hospitals generally deny that the money squeeze is affecting patients' care, (a denial some patients would question,) or students' quality of medical education (a denial some students would question,) or research—yet.

The Boston hospitals' plight may be partly their fault for competing so hard with each other, driving down prices, some analysts say. Though some hospitals have merged in recent years, Boston is still seen as having too many beds, and virtually all hospitals are teaching hospitals here.

Whatever the causes, said Dr. Stuart Altman, professor of national health policy at Brandeis University and past chairman for 12 years of the committee that advised the Government on Medicare prices, ''the concern is very real.''

''What's happened to them is that all of the cards have fallen the wrong way at the same time,'' Dr. Altman said. ''I believe their screams of woe are legitimate.''

Among the cards that fell wrong, begin with managed care. Massachusetts has an unusually large quotient of patients in managed-care plans. Managed-care companies, themselves strapped, have gotten increasingly tough about how much they will pay.

Boston had already gone through a spate of fat-trimming hospital mergers, closings and cost cutting in recent years. Add to the troubles some complaints that affect all hospitals: expenses to prepare their computers for 2000, problems getting insurance companies and the Government to pay up, new efforts to defend against accusations of billing fraud.

But the back-breaking straw, hospital chiefs says, came with Medicare cuts, enacted under the 1997 balanced-budget law, that will cut more each year through 2002. The Association of American Medical colleges estimates that by then the losses for teaching hospitals could reach $14.7 billion, and that major teaching hospitals will lose about $150 million each. Nearly 100 teaching hospitals are expected to be running in the red by then, the association said last month.

For years, teaching hospitals have been more dependent than any others on Medicare. Unlike some other payers, Medicare has compensated them for their special missions—training, sicker patients, indigent care—by paying them extra.

For reasons yet to be determined, Dr. Altman and others say the Medicare cuts seem to be taking an even greater toll on the teaching hospitals than had been expected. Much has changed since the 1996 numbers on which the cuts are based, hospital chiefs say; and the cuts particularly singled out teaching hospitals, whose profit margins used to look fat.

Frightening the hospitals still further, President Clinton's next budget proposes even more Medicare cuts.

Not everyone sympathizes, though. Complaints from hospitals that financial pinching hurts have become familiar refrains over recent years, gaining them a reputation for crying wolf. Critics say the Boston hospitals are whining for more money when the only real fix is broad health-care reform.

Some propose that the rational solution is to analyze which aspects of the teaching hospitals' work society is willing to pay for, and then abandon the Byzantine Medicare cross-subsidies and pay for them straight out, perhaps through a new tax.

Others question the numbers.

Whenever hospitals face cuts, Alan Sager of Boston University said, ''they claim it will be teaching and research and free care of the uninsured that are cut first.''

If the hospitals want more money, Mr. Sager argued, they should allow in independent auditors to check their books rather than asking Congress to rely on a ''scream test.''

For many doctors at the teaching hospitals, however, the screaming is preventive medicine, meant to save their institutions from becoming ordinary.

Medical care is an applied science, said Dr. Allan Ropper, chief of neurology at St. Elizabeth's Hospital, and strong teaching hospitals, with their cadres of doctors willing to spend often-unreimbursed time on teaching and research, are essential to helping move it forward.

''There's no getting away from a patient and their illness,'' Dr. Ropper said, ''but if all you do is fix the watch, nobody ever builds a better watch. It's a very subtle thing, but precisely because it's so subtle, it's very easy to disrupt.''

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON TELECOMMUNICATIONS PAYMENTS TO CUBA—MESSAGE FROM THE PRESIDENT—PM 24

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Foreign Relations.

To the Congress of the United States:

As required by section 1705(e)(6) of the Cuban Democracy Act of 1992, 22 U.S.C. 6004(e)(6), as amended by section 102(g) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, Public Law 104–114, 110 Stat. 785, I transmit herewith a 6-month periodic report on telecommunications payments made to Cuba pursuant to Department of the Treasury specific licenses.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 6, 1999.*

REPORT ON THE STATE OF SMALL BUSINESS—MESSAGE FROM THE PRESIDENT—PM 25

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Small Business.

To the Congress of the United States:

I am pleased to present my fifth annual report on the state of small business. In 1996, the year covered by this report, more than 23.2 million small business tax returns were filed. A record 842,000 new small employes opened their doors and new incorporations hit a record high for the third straight year. Corporate profits, employment compensation, and proprietorship earnings all increased significantly. Industries dominated by small firms created an estimated 64 percent of the 2.5 million new jobs.

Small businesses represent the individual economic efforts of our Nation's citizens. They are the foundation of the Nation's economic growth: virtually all of the new jobs, 53 percent of employment, 51 percent of private sector output, and a disproportionate share of innovations come from small firms. Small businesses are avenues of opportunity for women and minorities, first employers and trainers of the young, important employers of elderly workers, and those formerly on public assistance. The freedom of America's small businesses to experiment, create, and expand makes them powerhouses in our economic system.

AN UNPRECEDENTED RECORD OF SUCCESS

Looking back to the 1986 White House Conference on Small Business, one of the top priorities on the small business agenda was deficit reduction. Small business capital formation efforts had been undermined by interest rates driven sky-high by the demand for funds to service the growing national debt. Today I'm proud to say we've done what was thought nearly impossible then. This year we have converted the deficit to a surplus—and the budget deficit is no longer the issue it once was.

And my Administration is committed to continuing the dramatic growth of the small business sector. We continue to pay close attention to the perspectives and recommendations of America's small business owners. The 1995 White House Conference on Small Business sent a list of 60 recommendations to my Administration and the Congress—the result of a year-long series of conferences and a national meeting on the concerns of small firms. In their 1995 recommendations, the small business delegates told us they need less onerous regulation, estate tax relief for family-owned businesses, and still more access to capital to start and expand their businesses.

On each of these fronts, and on many others, impressive steps have been taken. I have signed 11 new laws that address many of the delegates' concerns. In fact, meaningful action has been taken on fully 86 percent of the 1995 White House Conference on Small Business recommendations.

EASING THE TAX BURDEN

The Taxpayer Relief Act, which I signed in 1997, includes wins for small businesses and the American economy in the form of landmark tax reform legislation. The law will provide an estimated $20 billion in tax relief to small business over the next 10 years. It extends for three years the exclusion from taxable income of money spent by an employer on education for an employee. The unified gift and estate tax credit will increase the amount excluded from taxation on a transferred estate to $1.3 million for small family-owned businesses.

The new law expands the definition of a home office for the purpose of deducting expenses to include any home office that is the business' sole office and used regularly for essential administrative or management activities.

And capital gains taxes are reduced from 28 percent to 20 percent. This will help small businesses by encouraging investments in businesses that reinvest for growth rather than investments in companies that pay heavy dividends. The law also improves the targeted capital gains provisions relating specifically to small business stocks. Moreover, small corporations are exempted under the new law from alternative minimum tax calculations. This provision saves about 2 million businesses from complex and unnecessary paperwork.

CAPITAL FOR SMALL BUSINESS GROWTH

One of the Small Business Administration's (SBA) highest priorities is to increase small business access to capital and transform the SBA into a 21st century leading-edge financial institution. The SBA's credit programs—including the 7(a) business loan guarantee program, the Section 504 economic development loan program, the microloan program, the small business investment company program, the disaster loan and surety bond programs—provide valuable and varied financial assistance to small businesses of all types. The Small Business Lending Enhancement Act of 1995 increased the availability of funds for SBA's lending programs. In the 7(a) program in fiscal year 1997 alone, with approximately 8,000 bank and nonbank lenders approved to participate, 45,288 loan guarantees valued at $9.5 billion was approved as of September 1997.

My Administration developed community reinvestment initiatives that revised bank regulatory policies to encourage lending to smaller firms. When combined with lower interest rates, this led to a sizable increase in commercial and industrial lending, particularly to small businesses. And in the first year of implementation under the Community Reinvestment Credit Act, new data were collected on small business loans by commercial banks. The SBA's Office of Advocacy has been studying and publishing its results on the small business lending activities of the Nation's banks.

And the Office of Advocacy launched a nationwide Internet-based listing